DOCUMENT RESUME

ED 431 076 CE 078 694

TITLE	New Work: The Revolution in Today's Workplace.
INSTITUTION	National Alliance of Business, Inc., Washington, DC.
PUB DATE	1999-00-00
NOTE	13p.
PUB TYPE	Collected Works - Serials (022) -- Numerical/Quantitative Data (110)
JOURNAL CIT	Workforce Economics Trends; Spr 1999
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Adult Education; *Economic Change; *Education Work Relationship; Employer Employee Relationship; *Employment Patterns; *Employment Practices; Labor Force; *Labor Market; Organizational Change; *School Business Relationship; Small Businesses; Technological Advancement; Trend Analysis; Unions; Work Environment
IDENTIFIERS	High Performance Work Organizations

ABSTRACT

The U.S. economy, workplace, and work are in the midst of historic change. New ways of organizing and managing the workplace and new ways of working are becoming increasingly common. Large companies are giving way to smaller and leaner organizations. Today, the typical business establishment employs 15 people. Across all industries, smaller establishments are growing faster than larger establishments are. Boundaries among companies are blurring as more and more companies become involved in networks, partnerships, and alliances with other companies--sometimes even across national boundaries. The number and value of mergers and acquisitions has been increasing rapidly over the past 13 years. Between 1985 and 1998, the number of mergers and acquisitions grew nearly tenfold. Just under one in four establishments had adopted high-performance workplace practices in 1992. That percentage had increased to nearly two in five by 1997. Although more people are working at home or on flexible work schedules, the share of the work force in alternative or contingent employment relationships has remained stable over the past few years. Between 1990 and 1998, companies increased their investments in education and training by more than 30%. (Contains 24 graphs.) (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 431 076

SPRING 1999

NATIONAL ALLIANCE OF BUSINESS

WORKFORCE ECONOMICS TRENDS

THE BUSINESS VOICE ON WORKFORCE DEVELOPMENT

NEW WORK: THE REVOLUTION IN TODAY'S WORKPLACE

We are living in an economy where the only thing that is certain is change itself. The American economy, the workplace, and work are in the midst of historic change. New ways to organize and manage the workplace and new ways to work are becoming more common. These changes represent profound challenges to how we think about work and the workplace and conventional wisdom about work and the workplace. As work and the workplace change, public policies and employment practices toward work and the workplace must change as well. Regardless of their causes, these changes present both new challenges and new opportunities to employers, employees and policymakers.

The transition to the next stage in our development, founded on new and different production and employment systems, is not complete but the signs of this shift exist. In the data that follows, we explore a series of indicators that provide a snapshot of how the workplace and where we work are changing.

- Companies are getting smaller. Large companies are giving way to smaller and leaner organizations. The typical business establishment today employs about 15 persons.
- Small establishments are growing faster than large establishments. Across all industries, smaller establishments are growing faster compared to large establishments.
- Boundaries among companies are blurring. More and more companies are involved in networks, partnerships, and alliances with other companies and sometimes even across national boundaries. The number of industrial technology alliances in the U.S. has increased rapidly.
- Mergers and acquisitions are on the rise. The size and complexity of these acquisitions is growing and many mergers and acquisitions now cross national boundaries. The number and value of mergers and acquisitions has been increasing rapidly over the last 13 years. The number of mergers and acquisitions grew nearly 10 fold between 1985 and 1998.
- Organized labor represents a small share of the workforce today. In the private sector, the number of unionized workers is less than one in ten.
- High performance workplace practices are diffusing. In 1992, just under one in four establishments had adopted high performance workplace practices while by 1997 the share of establishments that had adopted high performance workplace practices rose to nearly two in five.
- New patterns of work are emerging. More persons are working at home or on flexible work schedules. However, the share of the workforce in alternative or contingent employment relationships has remained stable over the last couple of years.
- Companies support employee development by investing in education and training. Investments in education and training rose by over 30 percent between 1990 and 1998.

Rapidly changing technology, the globalization of markets and other changes sweeping through the U.S. economy mean that many of our long held assumptions about the economy and business are changing. The way we work and the relationships between companies and their workers, which will continue to unfold, represent a revolution in the rules of the game and the game itself.

Workforce Economics Trends is a compilation prepared by the Alliance of research profiling our nation's current and future workforce. The information — statistics, facts and demographics — highlighted is intended to help advance efforts to build a quality workforce.

Alliance members receive *Workforce Economics Trends* six times per year, bimonthly. Further information and analysis about the state of the American workforce are provided through the Alliance's newsletters — *Work America*, *Workforce Economics* and our faxed bulletin *Legislative Update*.

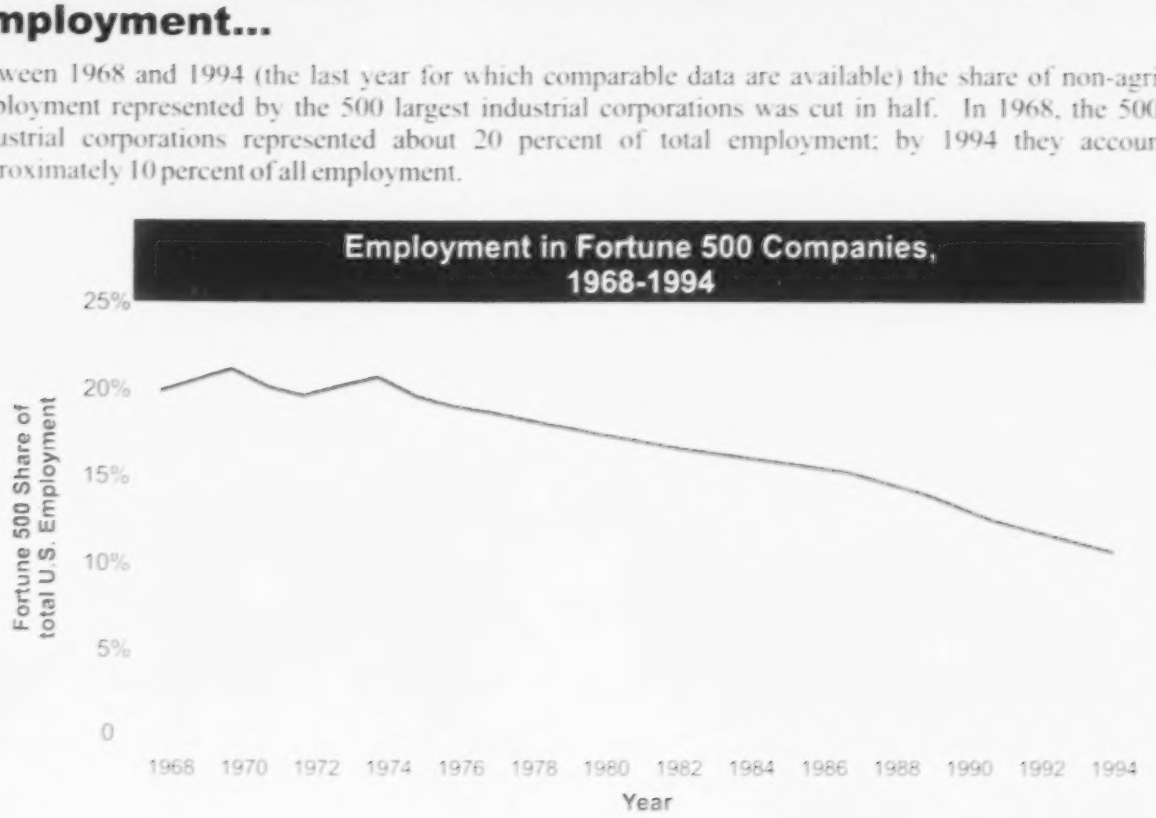
National Alliance of Business
1201 New York Avenue, NW Washington DC 20005
800-787-2848 Fax 202-289-1303 TDD 202-289-2977
email: info@nab.com Website: www.nab.com

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

Fortune 500 Companies Represent a Small Share of Employment...

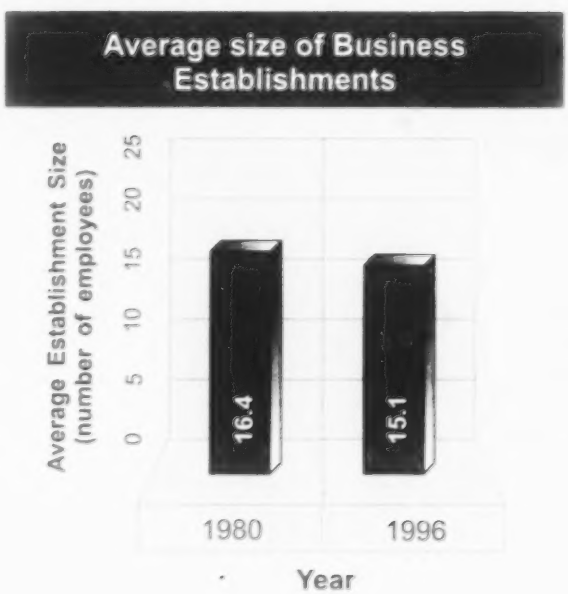
Between 1968 and 1994 (the last year for which comparable data are available) the share of non-agricultural employment represented by the 500 largest industrial corporations was cut in half. In 1968, the 500 largest industrial corporations represented about 20 percent of total employment; by 1994 they accounted for approximately 10 percent of all employment.



Source: Kemper Financial Services

Business Establishments are Getting Smaller...

The average size of business establishments fell by 8.6 percent since 1980. In 1980, the average size of a business establishment was about 16 employees. By 1996, the average size of a business establishment fell to just over 15 employees.

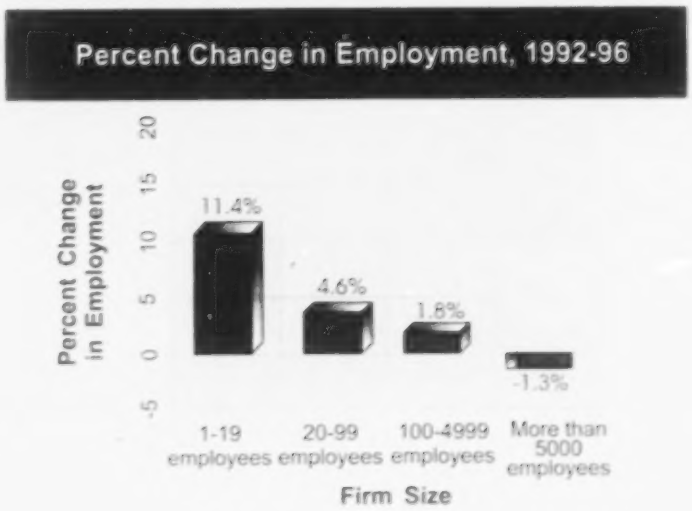


Source: U.S Census Bureau, County Business Patterns

BEST COPY AVAILABLE

Smaller Companies are Growing...

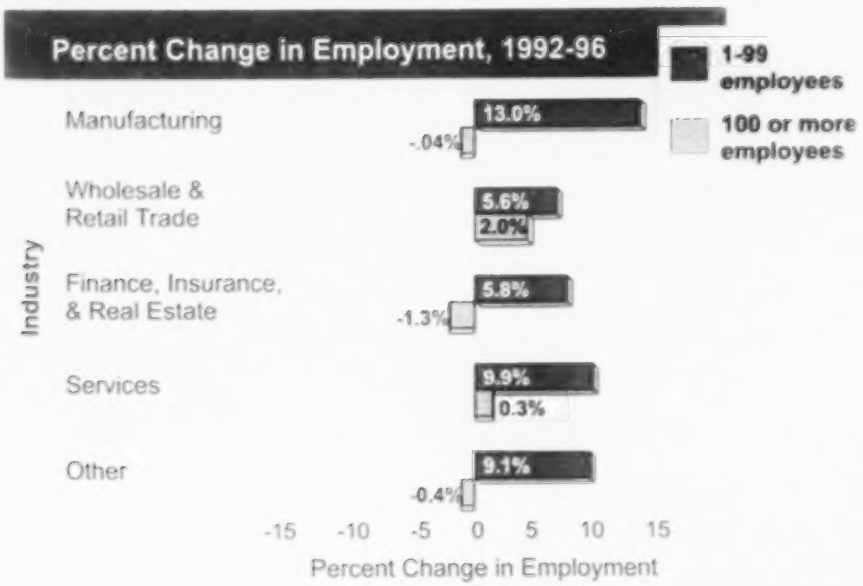
According to a recent study by Cognetics, Inc., job growth is concentrated among smaller firms. On average, firms with between 1 and 19 employees grew 6 times faster than firms with between 100 and 4,999 employees.



Source: David Birch, Anne Haggerty, and William Parsons, *Who's Creating Jobs?* Cognetics, Inc. 1997

Across Industries, Employment Growth is Concentrated Among Smaller Firms...

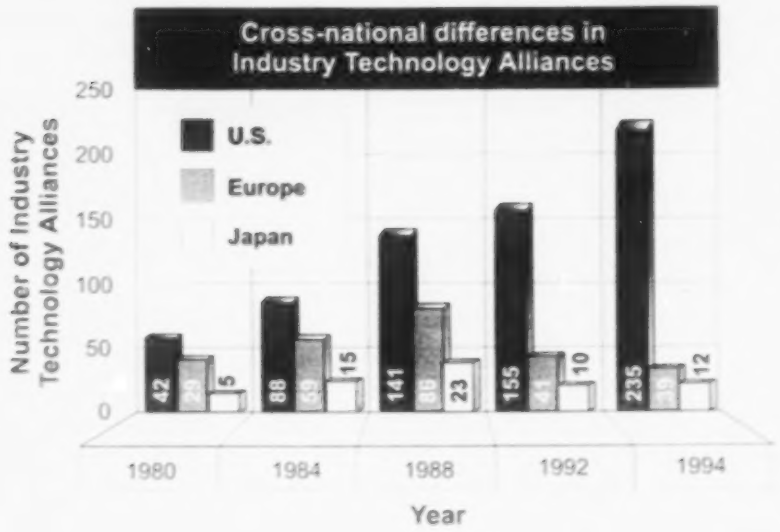
Across industries job growth is concentrated in smaller companies. In manufacturing firms, for instance, employment among smaller manufacturing firms is growing rapidly while employment is falling among larger manufacturing firms.



Source: David Birch, Anne Haggerty, and William Parsons, *Who's Creating Jobs?* Cognetics, Inc. 1997

BEST COPY AVAILABLE

Industry Technology Alliances are Increasing...

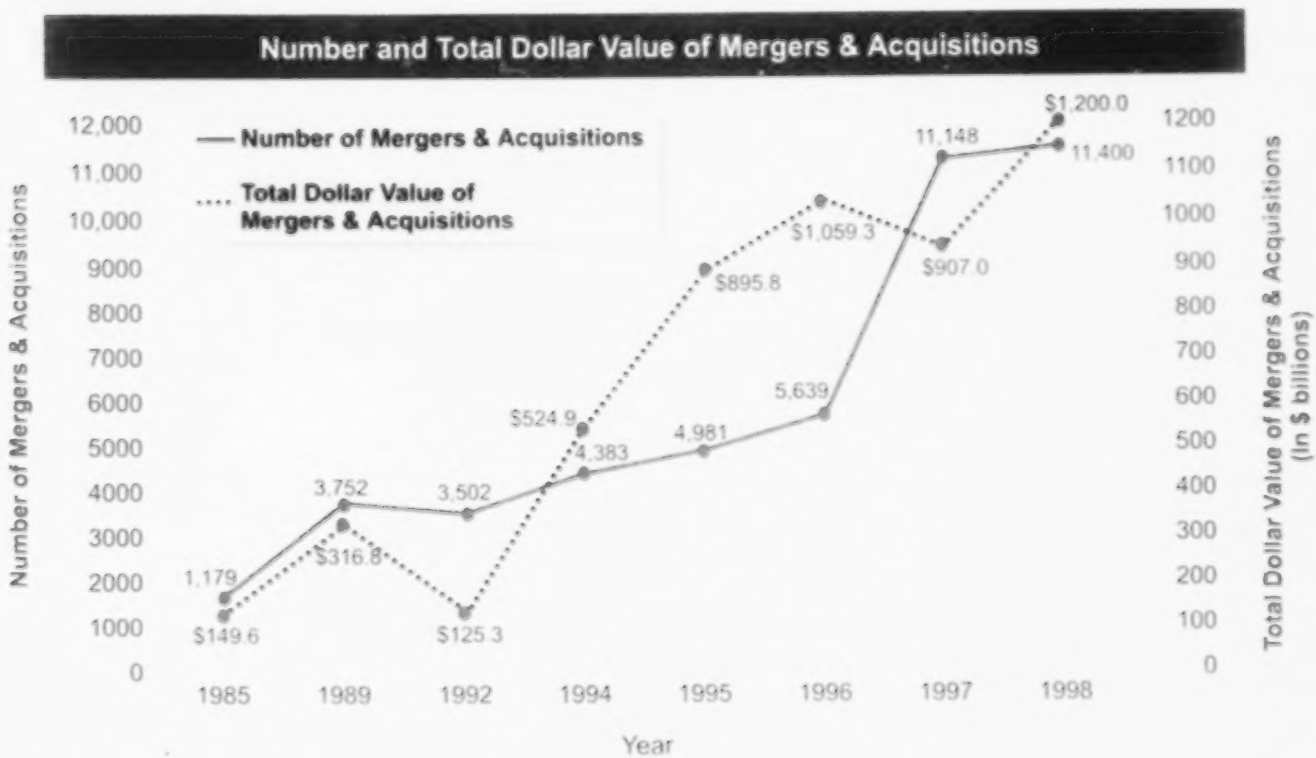


Networks, partnerships, and collaborative ventures are emerging as important sources of economic growth. In the US, the number of industry technology alliances has boomed while the number in Europe and Japan has risen slightly between 1980 and 1994.

Source: National Science Foundation

Mergers and Acquisitions are on the Rise...

Between 1985 and 1998, the number of mergers and acquisitions has exploded. The number of acquisitions and mergers grew nearly ten fold between 1985 and 1998. The total value of all mergers and acquisitions exceeded $1.2 trillion in 1998 alone.

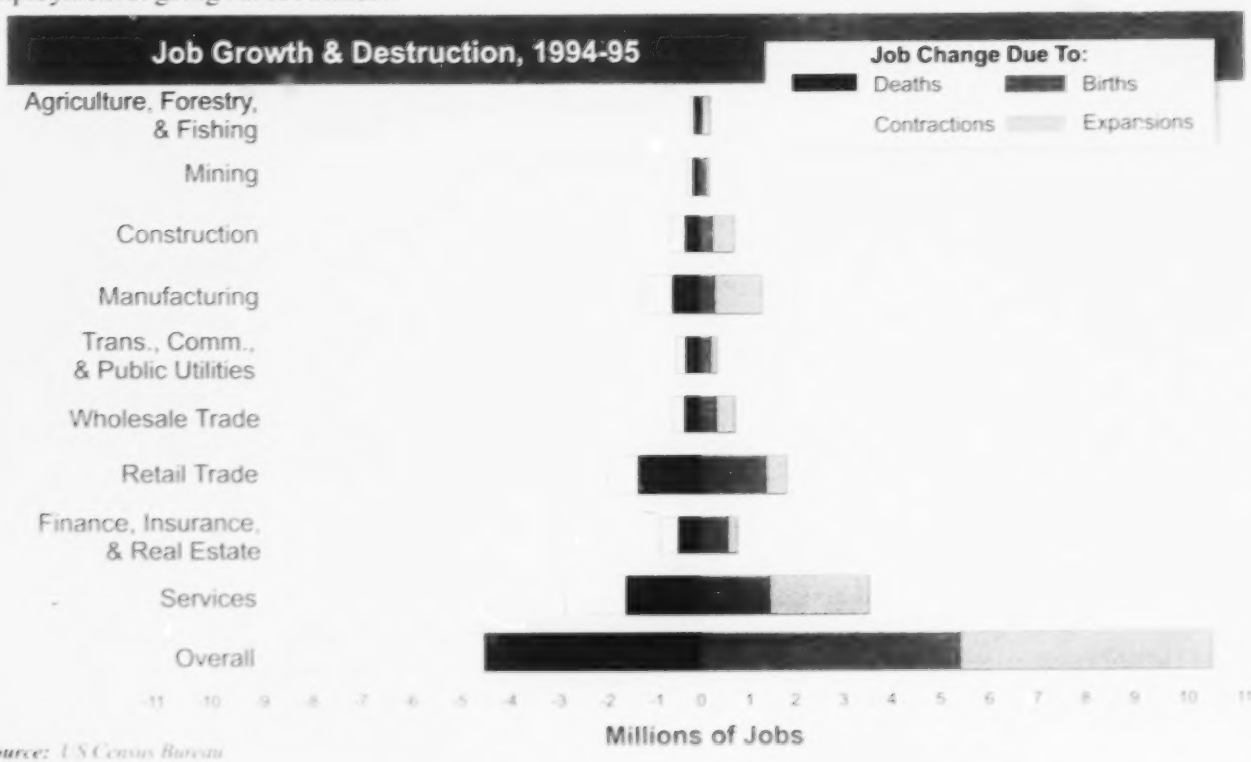


Source: Securities Data Company

BEST COPY AVAILABLE

The Labor Market is Constantly Churning...

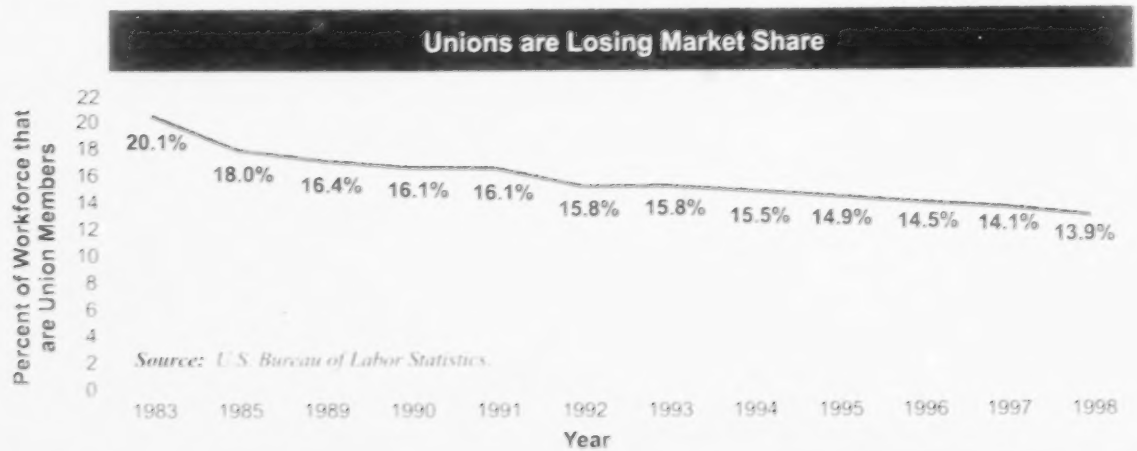
Over the 1994 to 1995 period, a large number of jobs were lost in the labor market (due to firms going out of business or contracting) but an even larger amount of jobs were added to the labor market. In all, just under 3.6 million net new jobs were added to the US economy between 1994 and 1995. By looking at the "components of employment change" we gain a better picture of the dynamic nature of the US labor market and its business establishments. Over 16 million new jobs were added to the labor market between 1994 and 1995 due to establishments expanding employment or coming into existence while just over 12.7 million jobs were lost due to establishments contracting employment or going out of business.



Source: US Census Bureau

Unions are Losing Market Share...

Since 1983, the share of the workforce that are union members has declined significantly. The share of workforce that were union members fell by 6 percentage points. In 1983, about 20 percent of all wage and salary workers were union members and by 1998 just under 14 percent of all wage and salary workers were union members.



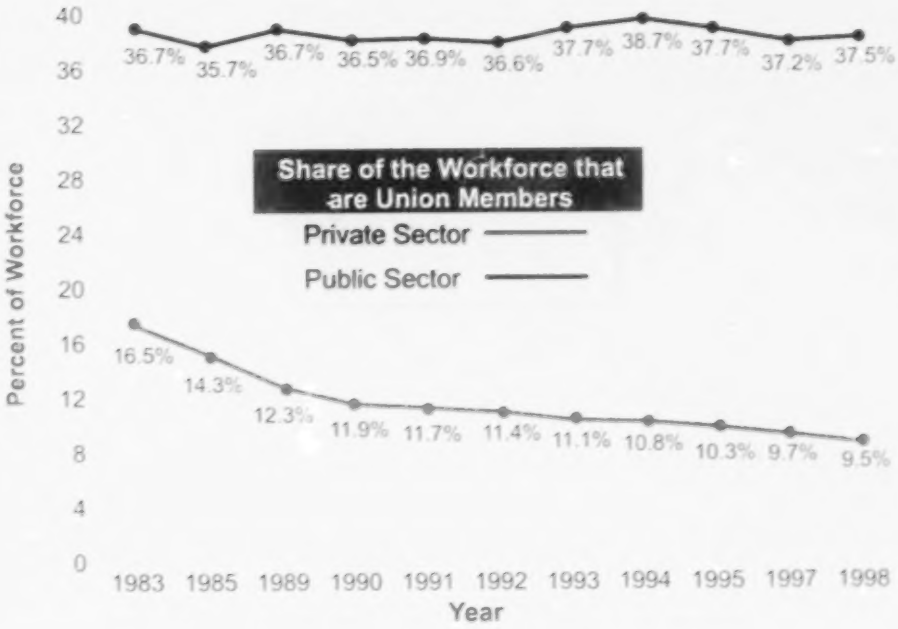
Source: U.S. Bureau of Labor Statistics.

BEST COPY AVAILABLE

Trends in Union Membership Differ Across the Public and Private Sector...

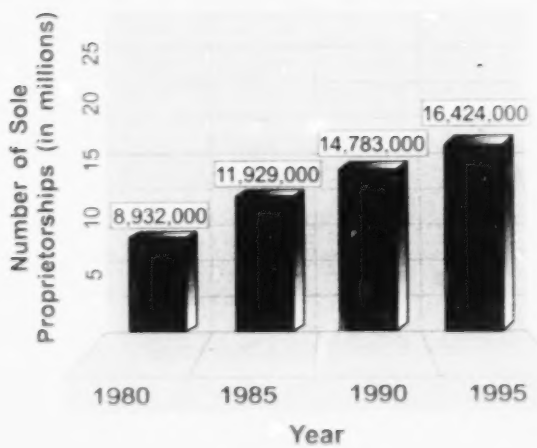
The trends in union membership, however, differ across the private and the sector. While the share of the public sector workforce that are union members has held steady over the last several years, the share of the private sector workforce belonging to unions fell. In 1998, nearly four in ten workers in the public sector workforce belonged to a union while less than one in ten workers in the private sector belonged to a union.

Source: U.S. Bureau of Labor Statistics



There are More Sole Proprietorships than Union Members...

Non-farm Sole Proprietorships Have Nearly Doubled, 1980-1995



There are now more sole proprietors than there are union members in the United States. Between 1980 and 1995, the number of non-farm sole proprietorships nearly doubled. Over 16.4 million sole proprietorships existed in 1995.

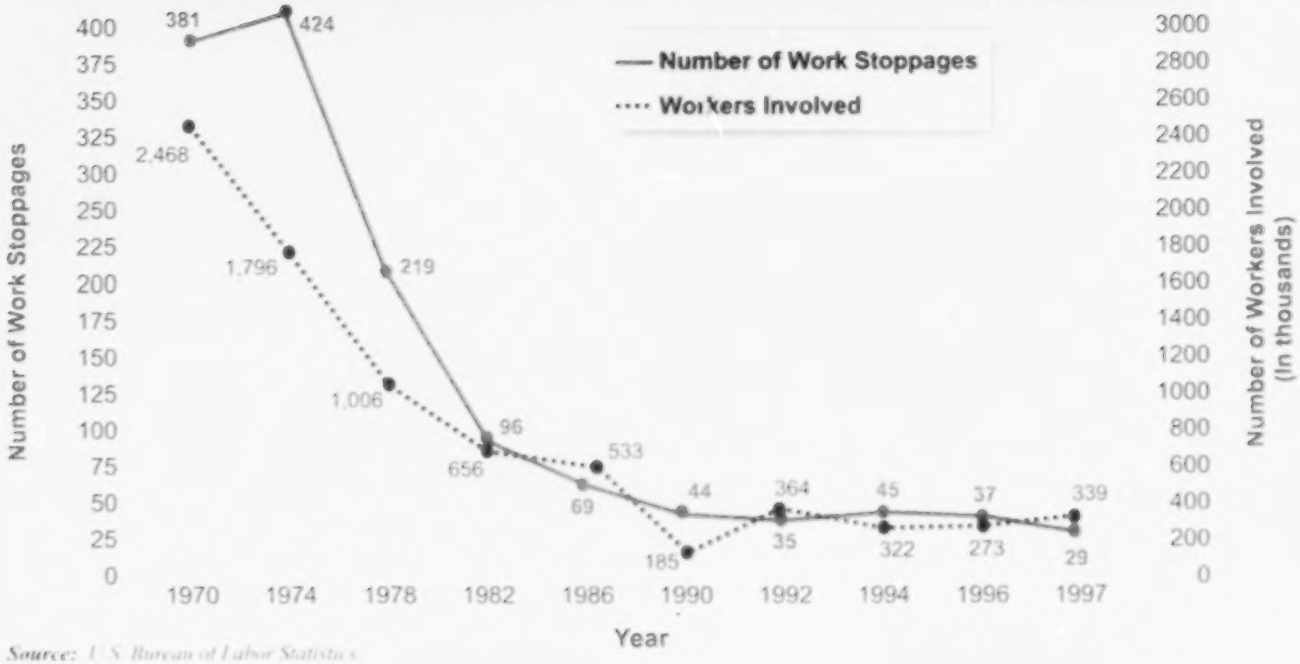
Source: US Census Bureau, Statistical Abstract of the United States: 1998

BEST COPY AVAILABLE

The Number of Work Stoppages has Fallen Dramatically...

The number of work stoppages and the number of workers involved have fallen dramatically since 1970. The number of work stoppages in 1970 was 13 times higher than the number of work stoppages in 1997.

Number of Work Stoppages have Decreased, 1970-1997



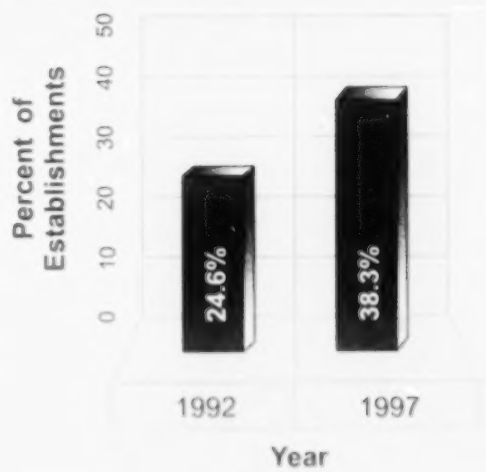
Source: U.S. Bureau of Labor Statistics

The Share of Companies with High Performance Workplace Practices is Growing...

High performance workplace (HPW) practices have grown considerably. In 1992 just under one-quarter of the establishments had two or more HPW practices and by 1997 nearly two in five establishments had two or more HPW practices.

Note: HPW (high performance workplace) practices were defined to include the following practices: 1) self-managed work teams, 2) job rotation, 3) quality circles or other off line problem solving groups, and 4) total quality management practices.

Percent of Establishments with Two or More HPW* Practices

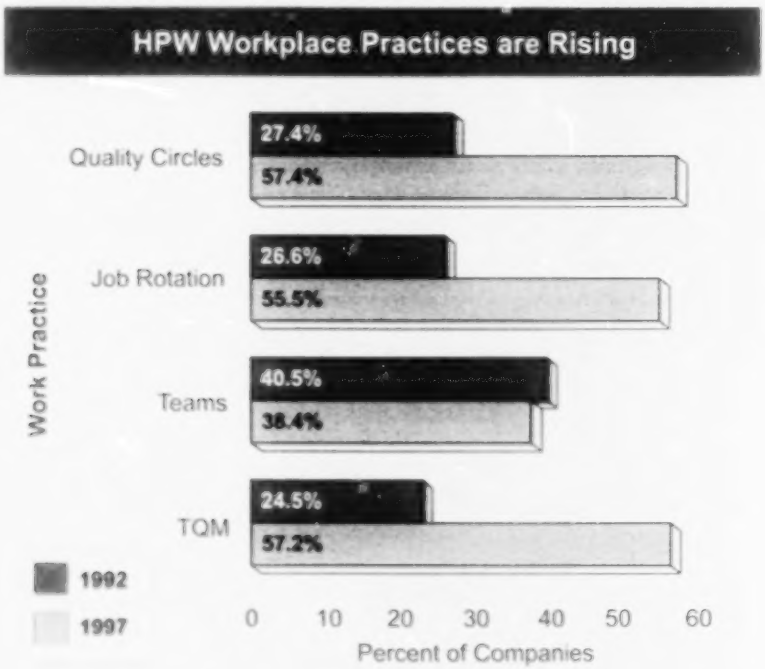


Source: Paul Osterman, "Work Reorganization in an Era of Restructuring: Trends in Diffusion and Impacts of Employee Welfare" Sloan School, Massachusetts Institute of Technology, Draft Working Paper, November 1998.

BEST COPY AVAILABLE

Particular Workplace Practices Have Risen...

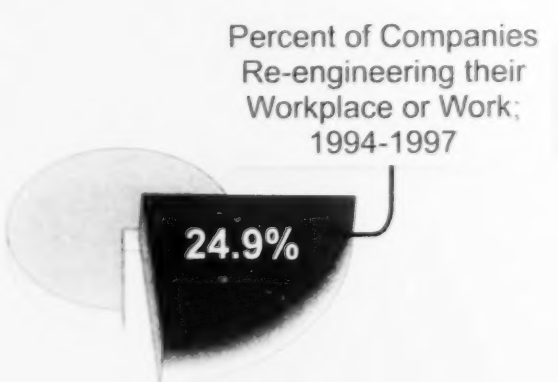
An increasing share of companies have rapidly adopted many HPW practices. Between 1992 and 1997, the share of companies that have quality circles, job rotation, and total quality management practices doubled. The portion of companies with teams, however, remained flat over the same period.



Source: Paul Osterman, "Work Reorganization in an Era of Restructuring: Trends in Diffusion and Impacts of Employee Welfare" Sloan School, Massachusetts Institute of Technology. Draft Working Paper, November 1998.

Companies are Re-engineering Their Workplaces...

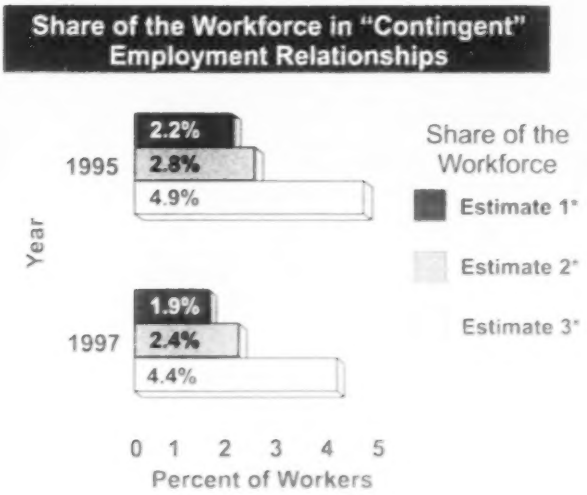
Companies report they are reconfiguring work or their workplaces. Nearly one in four companies report that they have re-engineered work or their workplace in the last three years.



Source: Unpublished data from Phase Two National Employer Survey.

BEST COPY AVAILABLE

The Share of the Workforce in "Contingent" Employment Relationships is Small...



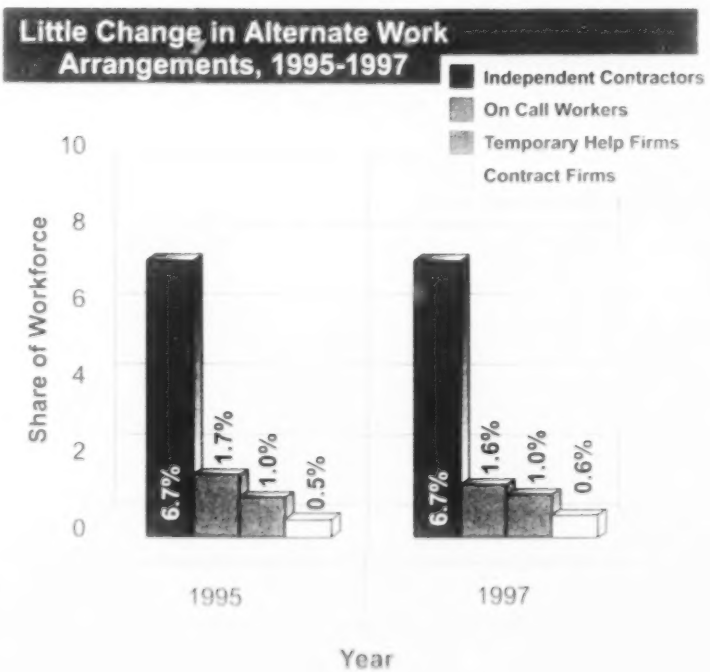
Source: U.S. Bureau of Labor Statistics

Conventional wisdom regarding "contingent" work is overstated. The US Bureau of Labor Statistics reports that the share of workers in "contingent" work relationships, which they define as a worker's perception that they do not have an implicit or explicit contract for on-going employment, is not as widespread as many suggest. For instance, 4.5 percent of the workforce (using the broadest definition of contingent workers) reported they were in contingent employment relationships in 1997. This represents a drop of 0.5 percentage points over the 1955 estimate using the same definition.

**Note: Estimate One is defined to include wage and salary workers who expect their jobs will last for 1 year or less and who worked at their current job for less than 1 year. Estimate Two is defined to include workers from Estimate One plus those self-employed and independent contractors who expect their work will last for less than 1 year and who worked at their current job for less than 1 year. Estimate 3 is defined to include all workers who do not expect their jobs to last regardless of how long they have worked at their current job and relaxes the condition on the expectation of how long their current job will last.*

Alternative Work Arrangements are Neither Pervasive Nor Growing Over Time...

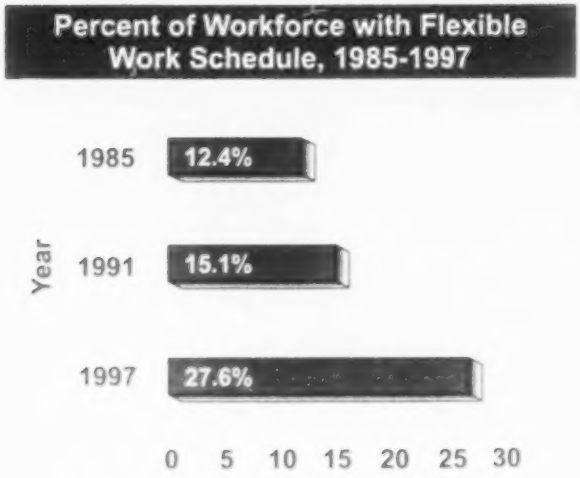
The U.S. Bureau of Labor Statistics estimated the portion of the workforce that is in alternative work arrangements: including workers whose current job was arranged by a temporary help agency or contract firm and workers who are on-call workers, day laborers, or independent contractors. In 1997, an estimated 10 percent of the workforce had such alternative work arrangements. The share of workers who defined themselves as fitting into one of these categories was little changed between 1995 and 1997.



Source: U.S. Bureau of Labor Statistics

BEST COPY AVAILABLE

The Portion of the Workforce with Flexible Work Schedules is Rising...

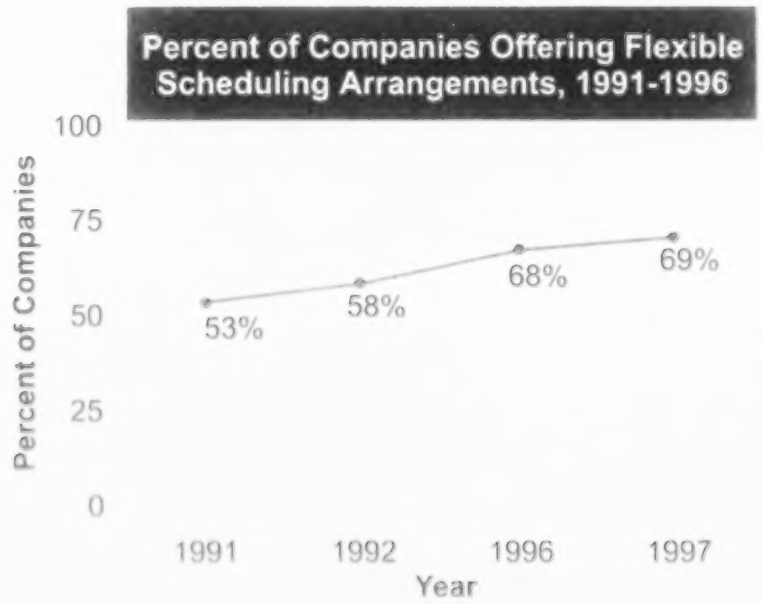


Between 1985 and 1997, the share of the workforce with flexible work schedules more than doubled. In 1997, over 27 percent of the workforce reported they had flexible work schedules compared to just over 12 percent in 1985.

Source: U.S. Bureau of Labor Statistics

More Companies are Offering Flexible Scheduling Arrangements...

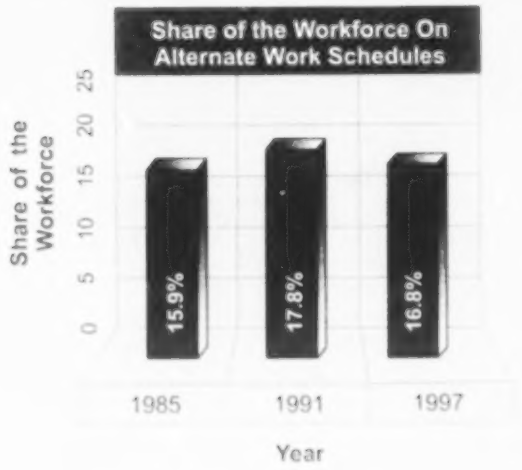
According to data from Hewitt Associates' annual survey of employers, the number of companies offering flexible scheduling arrangements rose between 1991 and 1997. Nearly seven in ten companies offer flexible scheduling arrangements, compared to five in ten in 1991.



Source: Hewitt Associates LLC

BEST COPY AVAILABLE

The Share of the Workforce Working Shifts Has Edged Up...

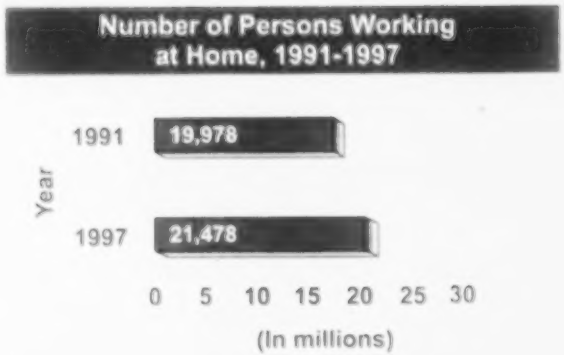


The share of the workforce with alternate work schedules, including working evening hours, irregular schedules, night shifts, and rotating shifts, increased slightly over the last 12 years. In 1985, nearly 16 percent of the workforce said they worked alternate schedules compared to just under 17 percent in 1997.

Source: U.S. Bureau of Labor Statistics

Working at Home Is Increasing...

The number of persons doing job related work at home is rising. The absolute number of persons who did some related some job-related work at home rose by just over 1.5 million persons (7.6 percent increase).



Source: U.S. Bureau of Labor Statistics

The Share of Workers That Are Paid to Work at Home is Rising...

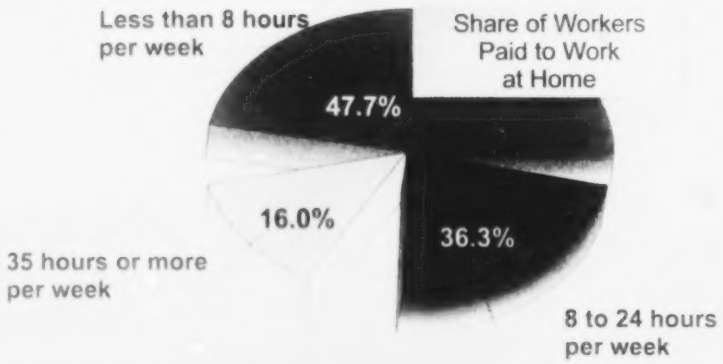
Between 1991 and 1997, however, the share of workers that were paid to work at home nearly doubled. In 1991, approximately nine percent of all wage and salary workers were paid to do some work at home and by 1997 17 percent of all wage and salary workers were paid to do some work at home.

Source: U.S. Bureau of Labor Statistics

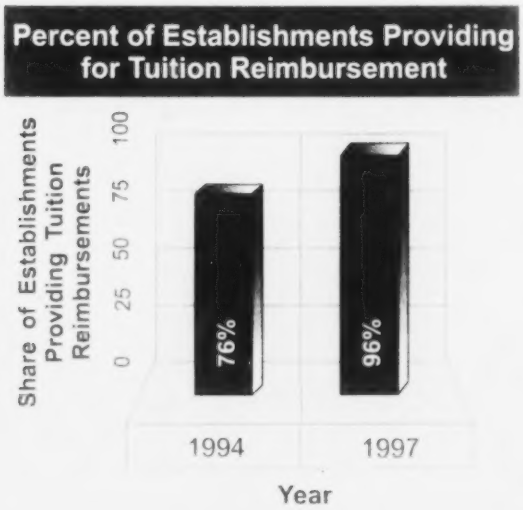
BEST COPY AVAILABLE

Of those Working at Home, the Majority Work at Home More than One Day a Week...

In 1997, more than one-half of the workers paid to work at home worked there at least one day a week. Nearly one in five workers who were paid to work at home worked 35 hours or more at home.



Source: U.S. Bureau of Labor Statistics



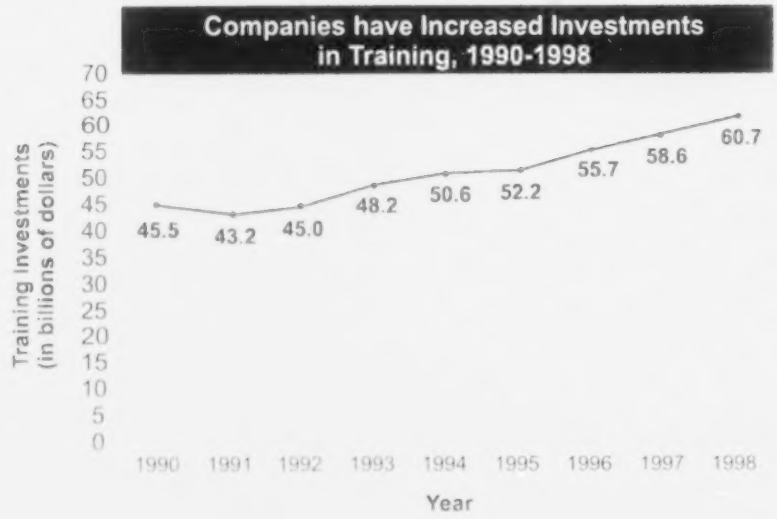
More Companies are Providing Tuition Reimbursement to Some or All of their Workers...

Between 1994 and 1997, share of companies providing some or all employees with tuition reimbursement grew significantly. In 1994, just over 3 out of 4 companies reimbursed or paid for the cost of tuition. By 1997, over 9 in 10 companies reimbursed or paid for the cost of tuition for some of all of their employees.

Source: Unpublished data from the Phase One and Phase Two National Employer Surveys

Companies are Increasing Their Investments in Training...

Company investments in education and training rose by just over 33 percent between 1990 and 1998. Even after adjusting for inflation, company investments in education and training rose nearly 9 percent over the last 8 years. Companies are now investing just over $60 billion in education and training.



Source: Training Magazine, Industry Report, (various issues). Published by Lakewood Publishers

BEST COPY AVAILABLE